

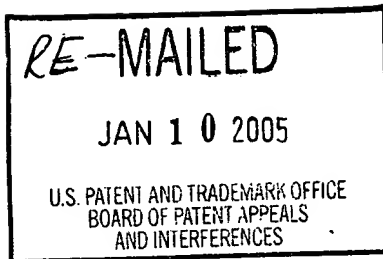
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The opinion in support of the decision being entered today was not written for publication and is not binding precedent of the Board.

Paper No. 19

UNITED STATES PATENT AND TRADEMARK OFFICE

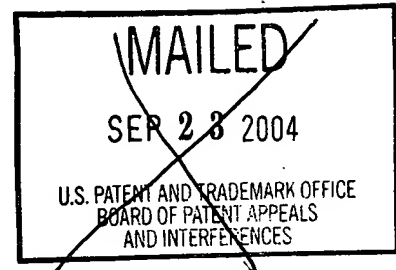
BEFORE THE BOARD OF PATENT APPEALS  
AND INTERFERENCES

Ex parte WITOLD A. ZIARNO



Appeal No. 2003-0110  
Application 09/173,109<sup>1</sup>

ON BRIEF



Before JERRY SMITH, BARRETT, and FLEMING, Administrative Patent Judges.

BARRETT, Administrative Patent Judge.

DECISION ON APPEAL

This is a decision on appeal under 35 U.S.C. § 134 from the final rejection of claims 21-41.

We reverse and remand.

<sup>1</sup> Application for patent filed October 15, 1998, entitled "Internet Linked Computer Peripheral, Method of Using the Internet Linked Computer Peripheral, and System Related Thereto," which is a division of Application 08/402,622, filed March 13, 1995, and is a continuation-in-part of Application 08/371,109, filed January 11, 1995, now U.S. Patent 5,550,561, issued August 27, 1996.

BACKGROUND

The invention relates to a computer peripheral as an input device for a personal computer or workstation, which includes a smart card reader for reading credit or debit card information from a smart credit and/or debit card, and a secure link to the Internet provided by an encryption routine.

Claim 21 is reproduced below.

21. An Internet linked computer peripheral as an input device for a personal computer or workstation comprising, in combination:

a smart card reader for reading credit and/or debit card information from an information bearing smart credit and/or debit card; and, a secure link to the Internet.

The examiner relies on the following reference:

Bruce Schneier, Applied Cryptography (John Wiley & Sons, Inc. 1994), pp. 27, 28, 29, 31-39, 59-71, 116, 117, 124, 164-170, 296, 297, 328, 329, 428-430, 432-434, 436.<sup>2</sup>

Claims 21-41 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over Schneier.

We refer to the final rejection (Paper No. 11) and the examiner's answer (Paper No. 15) (pages referred to as "EA\_\_") for a statement of the examiner's rejection, and to the appeal brief (Paper No. 13) (pages referred to as "Br\_\_") and reply brief (Paper No. 16) (pages referred to as "RBr\_\_") for a statement of appellant's arguments thereagainst.

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<sup>2</sup> The rejection does not list in one place the pages of Schneier relied on. Listed are the pages in the file copy.

OPINION

Grouping of claims

Appellant argues that each of claims 22-24, 26-33, and 36-38 is separately patentable (Br7-8). Claims 34, 35, and 39-41 are stated to stand or fall together (Br8). Claim 25 is not mentioned in the grouping of claims, but is argued separately in the arguments. Appellant asserts that claims 5 and 6 are separately patentable (Br7); however, these claims have been canceled. It is only necessary to discuss the patentability of independent claims 21, 24, and 34.

The examiner errs in stating (EA3) that appellant has failed to provide reasons for the separate patentability of the claims. Appellant's brief (Br33-53) discusses the claims separately.

Claims 21-23

The examiner finds that Schneier suggests the limitations of claim 21 but does not explicitly show "credit or debit cards" although this is said to be suggested by the "smart card" at pages 296-297 (EA4-5). The examiner concludes that it would have been obvious "that the Schneier's (pp. 296-297) "smart card" disclosure of [sic] would have been selected in accordance with 'credit or debit cards' because smart credit and debit cards would have been notoriously well known by one of ordinary skill in the art at the time of the invention" (EA5).

Appellant argues that "[t]here is no mention of a smart card reading computer peripheral at all in Schneier" (Br36; see also Br36-37). Appellant argues that the examiner's assertion that a smart card disclosure would have been selected does not suggest the desirability of modifying Schneier in such a manner to arrive at the claimed invention (Br37).

The examiner argues that appellant's claim chart suggests that credit or debit cards are not taught by Schneier is misleading because Schneier mentions "credit and debit cards" (p. 117), "credit-card purchases" (p. 120), and "smart cards" (p. 297) (EA20-21).

While Schneier mentions credit cards, debit cards, and smart cards, and while we do not disagree with the examiner's finding that "smart credit and debit cards would have been notoriously well known by one of ordinary skill in the art at the time of the invention" (EA5), that is not the issue with claim 21. Claim 21 recites a "computer peripheral as an input device for a personal computer" comprising a "smart card reader" and a "secure link to the Internet." The answer conspicuously fails to address these hardware limitations. The limitations are certainly not inherent in Schneier which is directed to encryption techniques and just happens to mention smart cards. We conclude that the examiner has failed to establish a prima facie case of obviousness. The rejection of claims 21-23 is reversed.

We now address the general arguments.

Appellant argues (Br9-14) the Examiner's conclusions of unpatentability are all based upon core factual findings which comprise the Examiner's own understanding or experience--and on his assessment of what would be basic knowledge or common sense in the art, which is contrary to In re Zurko, 258 F.3d 1379, 1386, 59 USPQ2d 1693, 1697 (Fed. Cir. 2001) ("With respect to core factual findings in a determination of patentability, however, the Board cannot simply reach conclusions based on its own understanding or experience -- or on its assessment of what would be basic knowledge or common sense.") and In re Lee, 277 F.3d 1338, 1345, 61 USPQ2d 1430, 1435 (Fed. Cir. 2002) ("The Board's findings must extend to all material facts and must be documented on the record, lest the 'haze of so-called expertise' acquire insulation from accountability."). Appellant provides claim charts (Br15-30) documenting the instances where the examiner finds that Schneier "does not explicitly show" a limitation and then proceeds to hold the limitation obvious in view of Official Notice and what the examiner considers to be "notoriously well known by one of ordinary skill in the art at the time of the invention."

The examiner argues that the phrase "does not explicitly show" should not be construed as an admission that a feature is missing, but is merely transition phraseology to the factual

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inquiries of Graham v. John Deere Co. and that even though Schneier does not explicitly recite the claimed elements and limitations verbatim, Schneier does suggest them (EA22-24).

We agree with appellant that the examiner has not provided factual evidence to support the obviousness conclusion. Taking of Official Notice and stating that limitations were "notoriously well known" are merely assertions of what was known by those in the art, not evidence. The examiner's phrase "does not explicitly show" is not as unequivocal as "does not show." It suggests that the showing is not express, but is implicit. This naturally requires some explanation on the examiner's part to show how the limitation is suggested. However, the expression "does not explicitly show," and its analogs, such as "does not expressly show," are often misused, when what is actually meant is "does not show." The examiner uses the expression in the sense of "does not show" because the examiner does not explain how the limitation is suggested or implied, but not expressly described, in Schneier; instead, the examiner relies on facts outside of the record by way of Official Notice and statements of what was notoriously well known. There is no possible way that these facts can be reviewed for truth and correctness since they are mere statements by the examiner. Moreover, many of the rejections are nonsense on their face and fatally incomplete. The examiner finds that Schneier "suggests" the limitations of a

claim, then states that Schneier "does not explicitly show" the limitations, and then states that "'Official Notice' is taken that both the concept and advantages of" the limitations without completing the obviousness formulation; see rejection of claims 22-24 (EA5-8). Under Zurko and Lee, the examiner (and the Board) may no longer rely on personal knowledge and unsupported core factual finding. Even assuming, arguendo, that the "concept and advantages of" a limitation are apparent once the limitation is known, this says nothing about the obviousness of the limitation in the first place.

Appellant argues that the examiner has failed to provide a motivation from the evidence of record and the examiner has applied hindsight based on appellant's disclosure (Br30-32).

The examiner argues that he relies on knowledge generally available to one of ordinary skill in the art of Internet based electronic commerce for motivation, which is not the same as "basic knowledge" and "common sense" (EA18-19). The examiner argues that the rejection is not based on impermissible hindsight because it is based on the knowledge of one of ordinary skill in the art (EA21-22).

No evidence has been provided by the examiner to establish that the asserted facts were known and, accordingly, the examiner is relying on basic knowledge in the art. The examiner has generally stated that the claim limitations are suggested, but

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not explicitly disclosed, and then formulated a rejection which states that the limitations would have been apparent to one of ordinary skill in the art. This is the essence of hindsight. The rejection basically dismisses all limitations as well known.

The examiner argues that the final rejection (Paper No. 11) relied upon Official Notice and since it was not seasonably traversed by appellant by making a demand for evidence it must be taken as admitted prior art (EA17).

Appellant replies that he previously timely challenged the examiner to provide evidence regarding the purported prior art. "That is, the Examiner rejected claims 21-41 in the Office Action dated October 14, 2001 [sic, August 14, 2000] (Paper No. 11 [sic, 6], in part, based upon the Examiner's purported facts. Directly in response to Paper No. 11 [sic, 6], an amendment dated April 12, 2001 [Paper No. 8] was filed ('Amendment')." (RBr8.) It is argued that the amendment seasonably traversed the examiner's purported "facts" and "well known" statements (RBr8). Appellant also filed a "Supplemental Demand for Evidence and Examiner Affidavit Pursuant to 37 C.F.R. Section 1.104(b)(2)" on July 2, 2002 (given same paper number as reply brief, Paper No. 16), the title of which is self-descriptive.

Notwithstanding the provisions of the MPEP, it is our opinion that Official Notice can be challenged at any time. Nevertheless, we agree with appellant that the examiner's



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findings of what was "notoriously well known by one of ordinary skill in the art" were timely traversed, both in the amendment of Paper No. 8 and in the appeal brief. The fact that the examiner applies the wording "Official Notice" in the final rejection does not change the underlying basis of the rejection which relies upon facts alleged (i.e., asserted to be true) to be within the knowledge of those skilled in the art and not supported by any documentary evidence of record. Where the examiner raises Official Notice for the first time in the final rejection, the appeal brief is a timely place to challenge those findings. The "traverse" of facts based on what was thought to be well known and on Official Notice does not have to be stated in any magic words. Moreover, the examiner's findings of what was well known and statements of Official Notice are so general as to be useless to the rejection. For example, the examiner finds that Schneier teaches smart cards and debit/credit cards, but this does not teach the computer peripheral having a smart card reader and a secure link. And, the examiner takes "'Official Notice' is taken that both the concept and the advantages of" limitations (EA5; EA6; EA7) but then never completes the obviousness formulation.

Appellant argues that Schneier is non-analogous art to the computer peripheral art or the consumer Internet shopping art and the examiner has provided no plausible motivation for an artisan

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in the computer peripheral/consumer Internet shopping art to look to the applied cryptography art of Schneier (Br34).

The examiner finds that Schneier is not nonanalogous prior art because it is both in the field of appellant's endeavor or, at least, reasonably pertinent to the particular problem with which appellant was concerned (EA24-25).

The examiner makes no attempt to define the field of endeavor or the problem with which appellant was concerned to explain why Schneier is analogous prior art. The statements are bare conclusions. Nevertheless, we find that Schneier is analogous prior art since it is reasonably related to the problem of providing security using encryption (see claim 22).

For the reasons stated above, we conclude that the examiner has failed to establish a prima facie case of obviousness with respect to claim 21. The rejection of claims 21-23 is reversed.

Claims 24-33, 37, and 38

The examiner finds that Schneier "suggests," but "does not explicitly show" (EA7), the method of claim 24 (EA7). The examiner takes Official Notice "that both the concept and the advantages of [the limitations of claim 24] ... [?] because such concepts and advantages would have provided means to safeguard the credit and/or debit card information prior to transmission of

the credit or debit card information and also, because such concepts and advantages were well known in the art" (EA7-8).

Appellant argues that "[t]here is no teaching or suggestion in the art of record, alone or in combination, of a smart card reading computer peripheral as an input device for a personal computer or workstation" (Br42) and "none of the art of record, alone or in combination, fails to [sic] teach or fairly suggest providing individuals making monetary transactions with a smart card reading computer peripheral as an input device for a personal computer or workstation" (Br42).

The examiner does not specifically respond to the arguments concerning claim 24.

The statement of the rejection is incomplete inasmuch as the statement of Official Notice is missing some reasoning and because the examiner has not stated how the Official Notice, if correct, would be used to modify Schneier to arrive at the claimed invention. If the examiner is taking Official Notice that the "concepts and advantages" of claim 24 would have been known in the art and, hence, obvious, this is error. One cannot simply dismiss a claim because it is thought that the results would be obvious. Moreover, the examiner's reasoning appears unrelated to the actual limitations of claim 24. As with claim 21, the rejection fails to show where Schneier suggests "providing ... a smart card reading computer peripheral as an

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input device for a personal computer ...." The examiner has failed to establish a prima facie case of obviousness. The rejection of claims 24-33, 37, and 38 is reversed.

Claims 34-36 and 39-41

The examiner states that "Claim 34 is rejected for substantially the same reasons as claim 21" (EA12).

For the reasons stated in the discussion of claim 21, the rejection of claims 34-36 and 39-41 is reversed.

REMAND

We remand for the examiner to consider the following issues.

First, the examiner should determine what priority date the present application is entitled to for purposes of applying prior art. This may be done by way of a requirement to applicant to assert and prove what date is being relied on. Appellant's statement of related cases is a confusing mess. Appellant has amended the present application to state that this patent application is a voluntary division of Application 08/402,622 ('622 application) filed March 13, 1995, now pending, and is a continuation-in-part Application Serial No. 08/371,109 ('109 application) filed January 11, 1995, now U.S. Patent 5,550,561 ('561 patent) (Preliminary amendment filed October 15, 1998, Paper No. 5). The '561 patent issued on August 27, 1996, which

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is more than two years before the present application was filed. Thus, the present application was not filed while the '109 application leading to the '561 patent was pending and the present application cannot be a continuation-in-part of the '109 application.

Appellant amended the '622 application to recite that it is a continuation-in-part of Application 08/555,506 ('506 application) filed November 8, 1995, now pending, which is a continuation of Application 08/127,770 ('770 application) filed September 28, 1993, now abandoned, which is a continuation-in-part of Application 08/117,909 ('909 application) filed September 7, 1993, now abandoned; and is a continuation-in-part of Application 08/533,338 ('338 application) filed September 25, 1995, which is a continuation-in-part of Application 08/194,204 ('204 application) filed February 8, 1994, now abandoned, and a continuation-in-part of Application 08/199,072 ('072 application) filed February 8, 1994, now U.S. Patent 5,506,393 ('393 patent) (amendment after final rejection received January 2, 1997, Paper No. 10). If appellant intends to rely on these applications, the amendment should be put in this case. The amendment states that the '622 application filed March 13, 1995, is a continuation-in-part of the '506 application and of the '338 application. However, since the '506 application and the '338 application were filed after the '622 application,

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the '622 application cannot be a continuation-in-part of those applications. This is confusing and erroneous. The '909 application appears to have been abandoned on January 10, 1994, which is before the filing date of the '622 application, so there is no continuing relationship with that application. The '393 patent does not provide support for at least the Internet limitation of the present claims. It is not known whether the '770 application and the '204 application provide support for the claimed subject matter.

Second, the examiner should consider an obviousness-type double patenting rejection of the claims of this application over the claims of appellant's '561 patent. For example, claim 14 of the '561 patent recites a smart card reader connected to a personal computer and means for communicating card information to a computer network, where claims 12, 13, and 15 recite encrypting the card information to safeguard the card information, and where claim 14 recites that the computer network may be the Internet. Thus, it appears that the claims of the '561 patent taken together anticipate many of the present claims. The claims in the present application are broader (contain fewer limitations) than the claims in the '561 patent. Of course, a claim to the combination ABC is anticipated by a claim to ABCD. Also, it is prima facie obvious to remove limitations which are not required.

Third, the examiner should consider an obviousness rejection over Clark, U.S. Patent 5,517,569, issued May 14, 1996, based on an application filed March 18, 1994, 10 months before the filing date of the application which resulted in appellant's '561 patent. This assumes that appellant cannot show a filing date before Clark of an application disclosing the claimed subject matter. Clark teaches an encryption module peripheral as an input for a personal computer for encrypting financial and other sensitive data (abstract). "In this way, the data need not reside in the PC in an unencrypted form; moreover, the data is transmitted from the encryption module to the PC in an encrypted form, thereby reducing the risk that electronic 'listening' devices may intercept the unencrypted data." (Col. 2, lines 36-41.) The encryption module has a smart card reader (col. 7, lines 2-8). The module may be interposed between the keyboard and the computer (col. 4, lines 16-20) or may be incorporated into the keyboard (col. 4, lines 35-40), and may have the shape of a "mouse" (col. 8, line 63 to col. 9, line 9), which may suggest incorporating the module into the mouse, although this is not claimed. The computer is part of a remote transaction system comprising a host computer interfaced with one or more transaction networks, such as a network for shopping (col. 3, lines 43-50; col. 17, lines 28-3). Clark does not specifically say the network may be part of the Internet, but it

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should be easy enough to find an Internet reference for combining with Clark--the examiner should not rely on Official Notice.

## CONCLUSION

The rejection of claims 21-41 is reversed.

REVERSED - REMANDED

*Jerry Smith*  
JERRY SMITH

JERRY SMITH  
Administrative Patent Judge

LEE E. BARRETT

LEE E. BARRETT  
Administrative Patent Judge

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